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Patricia Banks Morrison
Senior Counsel
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September 15, 2006

The Honorable Charles L.A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

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SC PUBLIC SERVICE
COMMISSION

Re: Comments on Audit Report of South Carolina Office of Regulatory Staff
Concerning Its Review of South Carolina Electric & Gas Company's
Monitoring Report under the Natural Gas Rate Stabilization Act for the
Twelve-Month Period Ending March 31, 2006
Docket No. 2006-157-G

Dear Mr. Terreni:

South Carolina Electric and Gas Company ("SCE&G"), pursuant to Section 58-5-455(4) of the S.C. Code of Laws, hereby submits the following written comments on the *Audit Report of the South Carolina Office of Regulatory Staff's Review of SCE&G's Monitoring Report* ("ORS Audit") prepared and filed in this proceeding by the South Carolina Office of Regulatory Staff ("ORS") on September 1, 2006.

SCE&G has carefully reviewed the September 1, 2006 ORS Audit and the proposed adjustments to SCE&G's June 15, 2006 Quarterly Monitoring Report contained therein. SCE&G hereby advises the Commission that SCE&G has no objection to or comments on the findings and adjustments reflected in the ORS Audit.

If approved by the Commission in its Initial Order in this proceeding, SCE&G further commits to implement rates beginning with the first billing cycle of November 2006 based upon the ORS audit results to produce a return on equity of 10.25% as approved by the Commission in SCE&G's last general rate case, Order No. 2005-619.

Revised rates and charges incorporating the ORS Audit adjustments and reflecting a rate of return on equity of 10.25% are attached hereto as Exhibit A. Thank you for your consideration of this matter.

The Honorable Charles L.A. Terreni
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SCE&G does not hereby waive or relinquish any rights or claims for future proceedings nor does SCE&G understand this letter to have precedential value.

With kind regards,

A handwritten signature in black ink, appearing to read 'PBM', with a stylized flourish at the end.

Patricia Banks Morrison

PBM/kms

cc: Mr. Dan Arnett
Mr. John Flitter
Belton Zeigler, Esq.
Mr. Kenneth R. Jackson

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY
PROPOSED REVENUE CALCULATIONS
2006 RSA**

Rate	Proposed Rate	Proposed Revenue
Residential Service		
Value - 32V		
Bills - Year Round	\$8.95	\$11,859,865
Therms - Year Round	\$1.59296	\$104,056,651
Standard - 32S		
Bill - Winter	\$9.95	\$9,127,418
Bills - Summer	\$7.95	\$6,990,572
Therms - Year Round	\$1.65296	\$94,953,747
B32 - Gas A/C		
Bills - Year Round	\$8.95	\$3,741
Therms - Year Round	\$1.39843	\$30,809
36 - Street Lighting		
Bills - Year Round	\$0.00	\$0
Therms - Year Round	\$1.56069	\$107,861
Total Proposed Revenue - Residential		\$227,130,664
Commercial Firm Service		
Small General Service - 31		
Bill - Winter	\$16.80	\$2,058,655
Bills - Summer	\$12.63	\$1,518,717
Therms - Year Round	\$1.60567	\$36,502,236
Medium General Service - 33		
Bills - Year Round	\$23.39	\$1,483,838
Therms - Year Round	\$1.55567	\$88,061,213
A31 - Gas A/C		
Bills - Year Round	\$14.72	\$368
Therms - Year Round	\$1.25354	\$68,600
B31 - Gas A/C		
Bills - Year Round	\$14.72	\$530
Therms - Year Round	\$1.60567	\$25,118
Total Proposed Revenue - Commercial Firm		\$129,719,274
Industrial Firm Service		
Large General Service - 34		
Bill - 1st 50 Dekatherms	\$519.00	\$342,689
Bills - Per Dekatherm Over 50	\$6.53	\$104,485
Therms - Year Round	\$12.64498	\$6,547,975
Firm Transportation with Standby - 35		
Bill - 1st 50 Dekatherms	\$519.00	\$523,954
Bills - Per Dekatherm Over 50	\$6.53	\$467,649
Bills - Standby - All Dekatherms	\$6.00	\$361,154
Therms - Year Round - Transport	\$1.34948	\$1,434,742
Therms - Year Round - Standby	\$12.64498	\$7,015,584
G34 - Gas A/C		
Bills - Year Round	\$0.00	\$0
Therms - Year Round	\$1.36687	\$137,165
Total Proposed Revenue - Industrial Firm		\$16,935,396